

# **Stop the EU, I want to get off**

## **Questions about Europe**

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*“England bound in with the Triumphant sea...  
...is now bound in with shame,  
With inky blots and rotten parchment bonds:  
That England, that was wont to conquer others,  
Hath made a shameful conquest of itself.”*

– *John of Gaunt’s Dying Speech, Richard II*

*“So long as the power and advice of England are felt in the councils of Europe, peace, I believe, will be maintained, and maintained for a long period. Without their presence, war, as has happened before, and too frequently of late, seems to me to be inevitable.”*

– *Benjamin Disraeli, 1879.*

## **Introduction:**

It has been a long road from Rome. In the six decades since the foundation of the EEC, the continent has changed beyond all recognition, warped by the European government growing at its heart. Never before have the integrationist dreams of Monnet and Schuman seemed closer to realisation.

There has been a tendency to see the European problem as an internal struggle of the Conservative Party, of a fringe of zealots out of touch with reality. But, in the words of Disraeli, “the Tory party, unless it is a national party, is nothing.” The European issue is unquestionably one of national importance. Moreover, there is a tendency to view this as an exclusively British concern, the struggle against the burgeoning federal superstate. Yet this is changing – broken by bureaucracy, battered by the Eurozone crisis, popular discontent with Brussels is surging across the continent. We must no longer, therefore, ask simply whether the EU is best for Britain, but whether it is best for Europe – and which, of course, through the European Treaties and European Communities Act 1972 directly affects us. This pamphlet is about asking and facing the difficult questions about the nature of the European Union, about the future of Britain in Europe, and the future of Europe should this devastating integrationist agenda proceed unchecked.

Our nation has stood up time and again for freedom and democracy in Europe’s darkest moments – when even the Chamber of the House of Commons itself was destroyed in war. The enemy now is not war, but is a different peril with ultimately the same kind of consequences. It is an invidious, creeping menace of appeasement of the destruction of our democracy and our

Westminster Parliament by a new dominance induced from within and without. This is accompanied stagnation in the EU to which we are bound in with its unemployment and recession – economic evils born of integrationist hubris and nourished by the tendrils of protectionism and overregulation.

In the late summer of 1990, just before she was tragically removed from office, I was asked by Margaret Thatcher to lunch at Downing Street. To my surprise, I found most of the Cabinet around the table. She opened with a simple question: “Bill”, she said, “What do you feel about Europe?” I gave a spontaneous reply – “Prime Minister, I believe your task is greater than Churchill’s.” “What do you mean, Bill?” she said; “You’ll have to explain.” “Prime Minister,” I said, “he was faced with bombs and aircraft – you are faced with pieces of paper.”

To preserve the status quo, to give up on fundamental change in our relationship with the EU under the accumulated European treaties not only harms Britain itself, but abandons Europe to decay when it is most in need of our example – a betrayal of the British values which have guided our history. As William Pitt in 1805, in the aftermath of Trafalgar, stated “England has saved herself by her exertions, and will, as I trust, save Europe by her example.” Once again, it falls on Britain to lead the way forwards for all of Europe.

### **The European Questions:**

There are four key areas: the Democratic, the Economic, the Political, and the Global Questions.

### **The Democratic Question:**

Little by little, the EU has stripped away the power and sovereignty of national parliaments in favour of unelected bureaucrats. The European Parliament’s claim to be the democratic voice of Europe is farcical; voter turnout in European elections has been in terminal decline since 1979, reaching an all-time low of just 43% in 2014.

Can it really be right to abandon the democratic principle that lies at the heart of Western prosperity? The loss of legitimacy that has resulted from federalist ambitions has fanned the flames of the popular anger at the economic misery that is suffocating the continent. Left unchecked, the only beneficiary of this will be the far left and right. We are already seeing the ugly rise of extremism. Unless we act now, we are doomed to repeat the tragic history of the continent.

The time has come to return power to the source of power – the people of the different nation states of Europe. Urgent action against an out-of-touch elite is needed not only the UK, but across the EU. The Eurocrats must bow to

popular demand, and abandon their anti-democratic, unworkable ideologies in the name of the common good.

Britain must lead the way by example. In December 2014, I introduced a Bill into the House of Commons which would return sovereignty to the British Parliament, and control back to the British people. The government must now enact legislation to enshrine the sovereignty of Parliament, and end the decades-long supremacy of EU law. While we in the United Kingdom are uniquely fortunate in the ease with which this can be achieved, because we have an unwritten, flexible constitution, we should lead the way so, that by our example other nations will do likewise.

### **The Economic Question:**

There are few now who would advocate joining the Euro. The Single Currency has been an unmitigated disaster for Europe, first eviscerating the economies of its weaker members, and then preventing them taking the measures they desperately need to get back on their feet. A German-imposed programme of austerity suppressing domestic demand and a strong Euro damaging Mediterranean exports will combine to beat down any fragile recovery, condemning the Eurozone to decades of unemployment and stagnation, until popular anger bursts through the flood banks that EU institutions have spent so long trying to erect against national democracy.

In the meantime, overregulation and Eurozone jealousy will hamstring the countries who had the sense to resist joining. The non-Eurozone nations will find themselves relegated ever more to a second tier, trapped in a system where they are bound by regulations in which they had no say, dreamt up under the Enhanced Cooperation Procedure. Aggressive attacks on the competitiveness of the UK's financial services are already a regular feature of Eurozone politics – further integration in the Eurozone will only worsen this trend, as cities such as Paris and Frankfurt attempt to steal business from London.

Pressure from interest groups, from unions to green lobbies, will stifle competitiveness and prevent recovery. Unworkable one-size-fits-all policies strangle growth across the continent, hamper our energy industry, destroy our countryside and empty our oceans, not to mention bankrupting our governments. The Common Agricultural Policy cost €57.5 billion in 2013, over 40% of the total EU budget – a wildly expensive life-support system for inefficient and outdated farming industries<sup>1</sup>. The Common Fisheries Policy has resulted in the waste of thousands of tons of fish and the depopulation of our

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<sup>1</sup> <http://www.bbc.co.uk/news/world-europe-11216061>

seas. Green energy projects have done incalculable damage to European ecosystems. The EU is not only draining all hope of a bright future from millions of humans, it is the worst enemy of the natural world it claims to be so desperate to protect.

Europe must realise it cannot solve every issue by legislation. Only growth can deliver the prosperity the continent needs to survive, and growth can only come from liberalisation on an unprecedented scale. The Euro must be disbanded to allow the struggling economies, particularly in Southern Europe, the space to recover. Germany must relax its fiscal policy to boost domestic demand and end the trade imbalance that is throttling Europe. In the long run, it will not just be Mediterranean economies that are dragged down if this economic asphyxiation is not swiftly reversed.

### **The Political Question:**

This might just as well be termed the German Question. How is Europe to cope with an over-powerful united Germany? Thomas Mann said in 1953 that it was necessary to have not “a German Europe, but a European Germany”, and the EU has often – not least by the Germans themselves – been seen as a way of containing German dominance. A united Germany has been recognised as a threat to European stability for centuries, and those who believed integration would reduce German influence have been proved cruelly wrong. Germany is now unquestionably dominant, if through gold rather than steel. German money holds the Eurozone together, German policies shape its future. Germany may perhaps be a reluctant imperialist these days, but it has bought itself an empire which arms could not win it.

German dominance is not only politically toxic, it is economically ruinous. The German insistence on fiscal discipline is, as Wolfgang Münchau has argued, an ideological response to the crisis of the 1930s that has depressingly little to do with logic<sup>2</sup>. If the crisis persists, this rigidity will damage even Germany; it is disastrous for the rest of Europe. The resolve with which the Germans tackled the crisis is admirable, but it is vital for the future of Europe that the need for demand-boosting policies is now recognised. Many Eurozone economies are inefficient, and in desperate need of serious reform, but austerity on this massive scale denies them the space they need to achieve this.

Qualified Majority Voting has eroded the ability of nation states to defend their vital interests. Stripped of the national veto, Europe has become dominated by its largest members to the detriment of the rest. Since the introduction of new

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<sup>2</sup> <http://www.ft.com/cms/s/0/e257ed96-6b2c-11e4-be68-00144feabdc0.html?siteedition=uk#axzz3KITEZcjX>

voting rules on 1<sup>st</sup> November 2014, France, Germany and two other smaller states can form a blocking minority on the Council, holding EU decision making to ransom unless they get their own way.

We need to return to an association of free, sovereign nation states, as I argued in *Against a Federal Europe* (Duckworth, 1991), in my pamphlets (see above) and in the House of Commons continuously over this time. A federal Europe is not the answer to the German question: Germany must trust itself to engage with Europe on equal, not dominant, terms through diplomacy. The alternative – to subsume Europe’s sovereign nations – will inevitably lead to a German dominated superstate, dysfunctional, unpopular, and undemocratic. Much has been made of the EU’s role in ensuring peace in Europe, but true and lasting peace will only be the result of the free association of democratic, sovereign nation states. We must do more to engage in serious debate on the future of Europe, rather than simply assuming the EU is the best option. The national media – especially the BBC – must ask themselves hard questions about their biases. The European Scrutiny Committee in an all party unanimous report concluded that the BBC had serious questions to answer over its coverage of EU issues, as was widely covered in the *Telegraph*, *the Times* and *the Daily Mail* on 25<sup>th</sup> March 2015. As *The Telegraph* leader of the following day argued, “the implication that the BBC is failing to provide balance in its reporting is very troubling. It is, however, unsurprising.” A peaceful and prosperous Europe can arise only from serious, considered debate, not blindly adhering to the status quo.

### **The Global Question:**

The European Union’s share of global GDP declined from 31% in 1980 down to just 19% in 2012 – putting it behind the USA at 19.5%<sup>3</sup>. Europe’s economic clout is in decline. The Eurozone stagnates, while developing economies bloom. By 2050, the ratio of working age people to pensioners in the EU will be 2:1<sup>4</sup>. Europe’s share of global population has declined to only 7%, yet it provides around 50% of the world’s social spending<sup>5</sup>. The USA enjoys an energy revolution, EU regulation threatens the same in Britain. The balance of power is shifting in the world to the East, and Europe risks being left behind. Progress on the TTIP is potentially commendable, but we must ask questions and must go further. Time and again the EU has shown itself unacceptably sluggish, dragged down by vested interests. It is vital for the future prosperity of the European

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<sup>3</sup> Ruth Lea. Figures are for EU28 nations in 1980 (when many had not yet joined the EU) and 2012.

<http://www.global-vision.net/bloggging-brussels--beyond/eu-28-is-no-longer-the-worlds-largest-economy>

<sup>4</sup> Eurostat and ECB, via Business for Britain.

<sup>5</sup> *Financial Times*, December 2012, via Business for Britain.

peoples that we recognise the changing nature of the global economy, the role of free trade in economic success, the need for liberalisation to boost growth.

It is not, however, only in economic matters that the EU seems trapped in a parallel universe. The great Euro-whimsy that is the Common Foreign and Security Policy (CFSP) has been a peculiar combination of inconsequential and disastrous. The Lisbon Treaty introduced a new EU diplomatic corps – the European External Action Service (EEAS) – and an EU High Representative in part as a response to the previous failures of EU foreign policy, notable over Bosnia and Kosovo. Yet the paralysis over Libya and Syria, and the rise of IS in the Middle East, have demonstrated the inadequacy of the EU system – and the comparative effectiveness of nation states acting in cooperation, such as the US-led coalition fighting IS. In November 2014, the EU mission to the Balkans was mired in claims of corruption. The EEAS costs over £420 million a year, but there seems precious little to show for its efforts<sup>6</sup>.

All this pales, of course, in comparison to the devastation EU policy has wreaked on its Eastern borders. It is absolutely right that every nation be free to choose its future and its associations in an increasingly multipolar world. I have no brief for Putin, but the European policy in Eastern Europe has, however, been needlessly antagonistic to Russia, as I said in *ConservativeHome* at the time. It was naïve to assume that a nation still insecure over the loss of hegemony would meekly acquiesce to Western meddling on its borders. Europe has a moral duty to engage freely with those nations that wish to adopt its principles of free trade and democratic governance, but this could be achieved without attempting to enrol countries such as Ukraine in the Western superstructures – NATO, the EU – which Russia believes still to be hostile to it. Rather than attempting to challenge Russian regional influence, we should be trying to work in harmony with it. Russian discontent over the 2008 Bucharest NATO Summit, where President Bush pushed for the entry of Georgia and Ukraine into the alliance, has not been sufficiently recognised.

All this would be far easier if the EU was less eager to build a superstate within its own borders, and more willing to engage with sovereign nations on an individual basis. Rather than attempting to draw Ukraine into the European order, we should have recognised its unique identity, balanced between East and West. Ukraine could have been a bridge between Russia and Europe, a chance for the West and the East to work towards mutual understanding and cooperation. Instead it has become a potent symbol of global division.

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<sup>6</sup> <http://www.telegraph.co.uk/news/worldnews/europe/eu/10503043/Full-extent-of-EUs-diplomatic-service-revealed.html>

Europe's centralising tendencies are flying in the face of global progress. Success as a nation – sovereign, independent and free – has never been easier to achieve than in our globalised world. We undoubtedly face enormous challenges in the years ahead, but these challenges must be met by cooperation, not integration. When it comes to the EU, the sum of the parts is an order of magnitude greater than the integrated whole. Europe can still lead the world, but only as an alliance of sovereign nations.

### **Conclusion:**

It is obvious that the architecture EU is desperately in need of radical restructuring. There will always be those ideologically opposed to any criticism of the European dream, but in the three decades I have fought for Britain's cause, the argument has shifted dramatically. Even the Europhiles now admit it would have been a mistake to join the Euro, that the EU is in desperate need of reform. Slowly but surely, we are winning the argument. What is needed now is not shrill hysteria from an EU under pressure, but a measured debate on the future of Europe. Britain's path is clear, and it is up to the Conservative Party to deliver the change in our relationship that will ensure Britain's future in the world.

Britain must lead the way by example. Europe must change, and will change. That change can be achieved peacefully and with the consent of the European Union, or it can be achieved in turmoil with the inevitable collapse of an unreformed Union, as I predicted in 1993 in *Visions of Europe*. Britain can demonstrate to Europe and the world that a third way is possible, that Europe can be reformed. The Prime Minister has been given a unique opportunity to change the EU for the good of all its members. It would be a catastrophe to squander this.

## The Democratic Question

Immanuel Kant, in his 1795 essay *Perpetual Peace*, laid the basis of the Democratic Peace Theory, the idea that democracies do not go to war with one another – an idea that the evidence, broadly speaking, supports. It is, therefore, utterly baffling that a union whose roots in making another European war impossible should be so bent on stripping democratic legitimacy from the continent. The sovereignty of national parliaments has been eviscerated by the Euro integrationist project, and the idea that the European Parliament can act as a substitute is farcical. Voter turnout in European Elections has been in terminal decline since the first elections in 1979, reaching a low of 43% this year. Shortly before the 2014 European Elections, an Observer poll found that only 11% of the British public could name one of their MEPs, and 79% had never even considered contacting one<sup>7</sup>. The chasm between the aspirations of the European Parliament and the sad reality cannot be filled by any amount of wishful thinking.

The EU elites can no longer delude themselves that popular opinion is unimportant. The emasculation of voters in favour of arcane, undemocratic institutions – institutions rightly perceived to have inflicted devastating economic hardship on the European peoples – has led to a widespread anti-establishment backlash. Hard-line Eurosceptic parties, once a small fringe, have swept to success on the back of anger at the inability of national politicians to check immigration or provide jobs. Syriza's victory in the Greek elections is only the beginning of the Eurosceptic avalanche. Podemos may soon win in Spain. The popularity of these parties is easy to understand, but it is destroying the ability of mainstream groups – such as British Conservative Party – to provide real change.

Equally worrying is the manner in which the far-right has taken advantage of the rise in Euroscepticism. France's National Front won the 2014 European Elections, while the neo-Nazi party Golden Dawn won 9% of the vote in the 2014 European elections. Geert Wilder's anti-Islamic Freedom Party won 10% of the seats in the Dutch Parliament in 2012. Even UKIP, with its free market ideological background, has been dogged by allegations of racism and homophobia among its members and many of its policies proposals have had a disturbingly authoritarian streak. The rise of these extremist parties is a result of the failure of mainstream parties to step up to the mark on Europe.

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<sup>7</sup> <http://www.theguardian.com/politics/2014/may/10/voters-cant-name-their-mep>

The only way to end popular anger at the establishment is to return to national parliaments, by restoring the national veto, the power they need to address the voters' concerns. As Charles Moore wrote during the Scottish Referendum campaign, the disenchantment that has fuelled the SNP (and UKIP) stems from Parliamentary impotence – a result of European integration<sup>8</sup>. We should hardly be surprised if the peoples of Europe are unwilling to meekly surrender the democratic rights that tens of millions have fought and died for. Yet incomprehension seems the only response of the Eurocrats – surely, they think, voters understand that political decisions are far too important to be left in the hands of the electorate? Only *experts* can provide the stability Europe needs.

It is these 'experts' – unelected, technocratic juntas – that have caused such outrage across Southern Europe with their displacement of elected prime ministers and imposition of undemocratic emergency governments. None of the previous three Italian prime ministers – Monti, Letta or Renzi – have been elected. Greece is still constrained by the rules laid down by the troika of the ECB, IMF and the European Commission. Many European nations are in desperate need of structural reform, but to think this can be accomplished without a democratic mandate is not only foolhardy, but contemptible.

### **What can be done? The 'notwithstanding' formula:**

The United Kingdom is uniquely fortunate when it comes to the restoration of national sovereignty. The doctrine of Parliamentary supremacy, and partly written, wholly uncodified constitution, allows Parliament to alter unilaterally any piece of legislation – including that establishing our relationship with the EU, the European Communities Act 1972.

For this reason I have continually urged the Government to adopt the 'notwithstanding' formula, and I have proposed Bills to this effect, the most recent being the 'Sovereignty and Jurisdiction over Borders' Bill in December 2014. The European Scrutiny Committee, of which I am the Chair, also unanimously recommended this approach in its November 2013 report, although the BBC, as the European Scrutiny Report of March 2015 noted, failed to give it proper coverage, as required by its Charter.

The 'notwithstanding' formula is much simpler in practice than it might sound at first. What it means, in essence, is that the Government would be able to legislate on an issue "notwithstanding European Communities Act 1972", i.e. indicating that an piece of UK legislation would be legally binding regardless of

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<sup>8</sup> <http://www.telegraph.co.uk/news/uknews/scottish-independence/11077539/Britains-malaise-is-caused-by-Parliaments-crisis-of-confidence.html>

any contradictory EU law on the matter. This is possible because of the unique constitutional position of the UK: any law passed by Parliament – including those implementing international treaties – can be altered or disapplied by Parliament, thus bypassing Sections 2 and 3 of the European Communities Act 1972, and with it the European Court of Justice, and return legislative power to the House of Commons and judicial decisions to our Supreme Court.

With this formula, we could tackle the issues that are causing such desperation and alienation in the electorate. We could adopt a sensible immigration policy that provides the skills this country needs without depressing wages. We could protect the City against French attacks. We could bolster small businesses, rejuvenate our energy market, and cultivate innovation on an unprecedented scale. We could demonstrate the abiding strength of the free market, that European protectionism and regulation is not the way to build prosperity. All we need is our leader to be prepared to make the brave choice.

For other nations, with constitutions that require referenda to alter, this is not on offer without constitutional change. It may be optimistic to expect EU bureaucrats to accept the strength of our argument that only with true democratic accountability, based around trade and cooperation, can Europe achieve peace and prosperity. But Britain's example will demonstrated to Europe and to the world that a system based on enshrined national sovereignty can work, as the 1971 White Paper on entry to the EEC promised. Over time, the European Union will be forced by the popular will to reform or implode. The EU can either reform to return to truly democratic, national government – association, not absorption – or it will be torn apart by the extremist forces that population alienation will unleash. Britain can demonstrate to the millions disenfranchised across the continent that the answer to their misery is a return to a democratic association of nation states and reasoned debate, not a resort to political extremism. To avoid a repeat of the horrors of the twentieth century, the answer is not 'more Europe'. It is democracy, it is popular legitimacy, and it is, above all, a return to national sovereignty.

### **UKIP cannot provide the answer**

The concerns that have driven people to UKIP are shared by all true Conservatives. The exodus is driven to a great extent by a sense of betrayal. The party that once defended the interests of those who wanted to improve their standing, to live a better life than their parents, and pass on a better life to their children, has, in the eyes of many voters, sold out to a sinister alliance of big business and unaccountable Euro bureaucrats. This is misguided. All businesses, whose profits pay for public expenditure, are still a force for good in this

country; the Conservative Party, remains, at its heart, committed to increasing the prosperity of every voter. It has, however, been hamstrung by EU institutions which do not understand the plight of the European peoples. Living comfortably in Brussels, earning tens of thousands of euros, how easy it must be to forget the suffering in Greece, in Spain, in Portugal: the millions unemployed, left without hope by a system that prioritises the status quo over their future. The appeal of anti-Europe parties – UKIP, Syriza, Podemos, the National Front, Italy’s Five Star Movement – is obvious.

For the Conservative Party, UKIP is the greatest threat it has faced in decades. Yet for those who would jump ship to the purple bandwagon, UKIP cannot deliver the change we need. We need an immediate change in our relationship with Europe, not just for Britain, but for all those facing decades of despair. Five years is five years too long. David Cameron has committed to renegotiation, he has committed to a referendum. If UKIP is genuinely committed to wresting Westminster sovereignty from the EU, it should support the Conservative Party.

A desire for European reform is not unique to left or right. The Eurosceptic movement is at terrible risk of destroying its cause by internal division, and so handing victory to the unthinking Europhiles who cannot see the suffering that the European Union is inflicting on its peoples. The time has come for those who support a reformed Europe to unite. That is not to say that we should abandon debate on what form change should take. It is simply to state that this issue is one that transcends party lines or political spectra – a brighter future for Europe requires that we unite behind the one party that can deliver change.

## **Europe and the Media**

The debate over Europe has not, so far, been conducted with the honesty and sophistication that the British people deserve if they are to make a reasoned decision, one in the national interest and in the interest of the other peoples of Europe. Neither side is completely exempt from blame in this regard, but the pro-European media has run a far more insidious operation – and so more dangerous to the cause of reform.

The BBC is especially culpable in this regard. BBC coverage of European issues has given disproportionate airtime to the most extreme – and often ill-informed – opponents of Europe, damaging the credibility of the Eurosceptic cause, while marginalising those who attempt to engage in nuanced and constructive debate. The left-wing media has conducted a relentless campaign to portray the Eurosceptic movement as a lunatic fringe motivated by xenophobia. This is not only duplicitous in the extreme, it risks achieving precisely the opposite of their

intentions. The British people, for the sake of the entire continent, must make the right decision for the right reasons. If the choice is presented by the media as a continuation of the status quo versus xenophobic isolationism, then there is the very real danger that that is the choice we will get. The media – especially the neutral BBC – must do far more to raise the standards of debate, to make clear the third option, principled reform to achieve a free association of sovereign nations.

The European Scrutiny Committee, of which I am the Chair, has recently examined BBC coverage of the EU, taking evidence from both Rona Fairhead, the Chair of the BBC Trust, and Lord Hall, the Director-General of the BBC. The report that we published on this matter – unanimously agreed by the Committee – was extremely critical of the BBC’s attitude, remarking that:

*“In summary, we still remain deeply concerned about the manner in which the BBC treats EU issues. Our witnesses seemed to be more intent on defending and asserting their own opinions, mindset and interpretation of the obligations under the Charter and Framework Agreement than in whether they had in fact discharged them or whether they had the mindset to carry through their post-Wilson aims. In the interest of the license fee payers, and the public in general, and in the context of the approaching General Election and a prospective referendum on the EU, and given the fact that the BBC themselves state that 58% of the public look to the BBC for news they trust, we believe that the BBC has a duty under its Charter, Framework Agreement and the general law, and following the Wilson report in particular, to improve substantially the manner in which it treats EU issues.”<sup>9</sup>*

As mentioned above, the Report received much coverage in the media.

The British people deserve better than to be treated like children. Serious debate may be less glamorous than the shrill hysteria of fanatics, but the British public are capable of genuine political engagement. Every element of the British establishment must play its part in ensuring the quality of the coming debate, if that establishment wishes even to begin to reverse the scorn in which the people of this nation hold it.

## **Conclusion:**

Europe’s problems will not be solved solely by democracy, but they cannot be solved without real democracy, returning choice and power to the voters through their elected representatives. It is vital that we reverse the drive towards an EU superstate. National parliaments are the only legitimate embodiments of democratic legitimacy, as David Cameron affirmed in his Bloomberg speech. It is the emasculation of these by an unaccountable elite that is fuelling public

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<sup>9</sup> 38<sup>th</sup> European Scrutiny Committee Report of Session 2014-15, para. 90.

anger across the continent. Europe is the birthplace and nursery of democracy, an inspiration to oppressed peoples across the globe. The destruction of Europe's democratic heritage stands as one of the greatest tragedies of the modern age. Freedom must be restored to Europe so that prosperity can flourish. Never again can we allow extremism to gain a foothold on the continent. Only genuinely accountable democratic government can prevent the rise of the far right or far left. We must restore sovereignty to the British Parliament.

## **The Economic Question**

It's worth remembering how close, but for the Maastricht Rebellion, Britain came to joining the Euro, long before Gordon Brown's and the Labour Party. We are enjoying the fastest growth in the G7. The Eurozone is caught in a quagmire of low growth. The structural problems with the single currency have combined with the suffocating effect of austerity politics to bring about a vicious cycle of economic decline. Overregulation prevents the EU as a whole from realizing its full potential, condemning it to an ever declining share of global trade in the face of the rise of the emerging markets.

### **Overregulation**

If ever there was an example of why binding together 28 different nations in a customs union is a fantastically bad idea, you need look no further than the EU's economic policy. There are, broadly speaking, two competing – and incompatible – economic ideologies among the European nations: Anglo-Saxon open market capitalism, and French protectionism. The unique achievement of the EU has been to devise a system which leaves nobody happy. The French, and the Mediterranean countries that share their ideology, view the Union as an Anglo-Saxon plot to impose the free market on their beloved, and inefficient, industries (especially agricultural). Britain and its northern allies – Denmark, Sweden, the Netherlands – resent what they perceive as excessive EU interference on the functioning of the economy.

If the past century has demonstrated anything, it is that free market states have a great advantage, in the long run, over their protectionist peers. The collapse of the USSR would, you might imagine, have killed forever the statist approach to economic performance. The 1990s saw even the left in Britain and the USA admit the supremacy of the free market ideology. Sadly, no one seems to have given the message to France. French dominance of the European project since its conception has led to daft attempts to prop up Europe's outdated farming industries at a cost of billions of pounds to European taxpayers. The effect has been to prevent the reform that would allow European industries to compete effectively with their global rivals. To believe that failing industries can be propped up indefinitely by state spending is economic illiteracy – as Winston Churchill eloquently put it, “[t]he doctrines that by keeping out foreign goods more wealth, and consequently more employment, will be created at home, are either true or they are not true. We contend that they are not true. We contend that for a nation to try to tax itself into prosperity is like a man standing in a bucket and trying to lift himself up by the handle.”

Yet the flaws with CAP pale into insignificance beside the monumentally misguided attempt by the Eurocracy to regulate every aspect of economic life. A 2010 report by Open Europe<sup>10</sup> estimated that while the total cumulative cost of regulations between 1998 and 2009 was £176 billion, £124 billion of this, or 71%, had its origin in EU legislation. More interestingly, the same report estimated that while UK legislation produced £2.35 benefit for every £1 cost, the ratio for EU legislation was just £1.02 benefit. There can be no doubt that the competitiveness gap between the Mediterranean and Germanic economies points to a serious need for reform in the former. Nevertheless, the European Union should be as worried about the effect that overregulation is having on the EU's global competitiveness.

Big business – especially through the CBI, which disproportionately represents the views of banks and multinationals – has been a strong advocate of remaining in Europe, making the argument that European legislation is a small price to pay for access to the single market. However, it is vital to remember that larger firms have an inherent advantage – through economy of scale – when it comes to supporting the extra staff needed to ensure compliance with the various regulations emanating from Brussels. Measures such as the Working Time Directive (which Open Europe in 2013 estimated to cost the UK economy £4.1 billion per year) tend to most impact SMEs, who generally have the least flexibility when it comes to their labour force. Larger firms therefore have a vested interest in protecting the single market, as it stifles competition from SMEs that might otherwise challenge their market dominance. Moreover, as Bernard Jenkin and I argued in a 2013 paper, the loss of jobs resulting from an exit from the single market has been consistently overestimated, given the distorting effect it has in favour of our EU partners, demonstrated by our trade deficit of £57.3 billion with the other 27 EU members, and our significant surplus with the rest of the world. This paper, submitted as part of the Review of Competences, was ignored by the Government except by a mere mention in the bibliography in its reply.

The 2008 crisis has given EU policymakers the excuse they have long desired to attack the City of London and the Anglo-Saxon model of a free-market financial services industry. Since the crash, the EU has implemented or proposed six new measures, all of which have the potential to cause enormous disruption to UK financial services, and severely hamper their global competitiveness. As Roland Vaubel put it, this was not accidental – “under [QMV], the majority of highly regulated countries (say, France) have an incentive to and power to impose their high levels of regulation on the more market-orientated countries (say, the UK)

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<sup>10</sup> <http://www.openeurope.org.uk/Content/documents/Pdfs/stilloutofcontrol.pdf>

in order to weaken to the latter's competitiveness ... following the financial crisis, the French government has pursued the strategy of raising rival's costs in a deliberate and consistent manner." This may well bring a short term benefit to France, but it is also woefully short-sighted: in a globalised economy – and in a particularly globalised sector – to think that government intervention can prevent the loss of business to more competitive areas of the world is madness. The protectionist model has no role in the modern world: Europe's failure to realise dooms the entire continent to long-term decline. Only by liberalisation and competition can the EU hold its own.

### **German economic perversity**

“German economists roughly fall into two groups: those that have not read Keynes, and those that have not understood Keynes”, writes Wolfgang Münchau<sup>11</sup>. There are many who admire the decisive action Germany took to hold together the Eurozone, the example of fiscal discipline it has set to the rest of Europe, and its insistence on long-overdue reforms of the Eurozone nations' economies as the price of its help. Far too little recognition has been made of the part Germany has played in creating and sustaining this crisis through its entirely unhelpful economic policy.

On the face of it, German economics seems to make sense. If the Eurozone crisis is the result of the loss of confidence in Eurozone economies brought about by unsustainable levels of debt, then the answer, surely, is austerity measures to drive down the deficit and pay off the debt. Similarly, if the competitiveness of the Mediterranean economies is hampered by deep-seated structural problems, the answer must be structural reform.

On closer inspection, however, the problems with this view are manifold. Austerity suppresses domestic demand, preventing states reducing their debts through growth. This in turn denies struggling economies the breathing room to carry out structural reforms. On top of this, austerity within Germany – the only major economy in good fiscal shape – prevents growth in German domestic demand, which would help boost exports from the Southern countries. Germany is fiercely proud of its trade surplus, but seems unable to understand that it is impossible for every nation to have a surplus: supply from one area has to be matched by demand in another.

Moreover, Germany has, as Ambrose Evans-Pritchard has noted, a “semi-permanent trade advantage” over the Mediterranean countries<sup>12</sup>. Under normal conditions, a country that has a significant efficiency advantage will see its

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<sup>11</sup> <http://www.ft.com/cms/s/0/e257ed96-6b2c-11e4-be68-00144feabdc0.html?siteedition=uk#axzz3L1wCQjQs>

<sup>12</sup> <http://blogs.telegraph.co.uk/finance/ambroseevans-pritchard/100025568/my-grovelling-apology-to-herr-schauble/>

current account balance diminish as a hardening currency raises the cost of its exports. The US long berated China for policies that kept the Yuan artificially low, arguing that this provided China's export industries with a great advantage<sup>13</sup>. The Yuan was, until 2005, pegged to the dollar, which may have caused it to be undervalued by as much as 37.5%<sup>14</sup>. The benefit Germany acquires from the Euro is, arguably, unintentional, but it is no less damaging for Europe. The German competitive advantage over the Mediterranean nations was already marked when the Euro was created in 1999. The effect of currency union has been to fix this German advantage: less efficient countries are now unable to devalue their currencies to make their exports cheaper and so offset the efficiency advantage enjoyed by Germany<sup>15</sup>.

As a result, Germany has a twofold advantage. On the one hand the weakness of the Eurozone overall keeps the Euro lower than an independent German currency would be, keeping German exports to the rest of the world cheap. On the other, the rest of the Eurozone, unable to devalue to offset German competitive advantage, is a captive market for German goods.

The idea that the Mediterranean economies can achieve German levels of efficiency is deluded, not least when their economies' ability to accommodate the disruption that these reforms will cause is severely restricted by the financial crisis. To rely on export-fuelled growth to stabilize the Eurozone requires buoyant external markets. Moreover, it requires that the currency is not so strong as to place a country at a competitiveness disadvantage. Neither of these conditions will help the Mediterranean countries.

This situation is not going to get better in the long run. In the short term, a boost in German domestic demand or a looser monetary policy from the ECB might help the Eurozone. In the long run, however, the difference in internal competitiveness will suck dry the economies of the weaker members. Meanwhile, overregulation will diminish the competitiveness of the EU as a whole, leading to a decline in its share of overall trade and diminishing the ability of the weaker members of the Eurozone to power their economies through trade with the rest of the world. The only way to sustain the Mediterranean economies – and Germany's current account surplus – is massive and long-term transfers of funds from wealth-creating areas such as the Netherlands and Germany, as John Redwood stressed in my debate on the role of Germany in the EU in November 2014. This is already the case within many nation states – such as Italy, from the rich North to the poor South<sup>16</sup> – but it is hard to imagine such a system being palatable to the German electorate. Eurozone economic policy since the crisis has, in effect, been to provide the

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<sup>13</sup> <http://www.bbc.co.uk/news/business-24753267>

<sup>14</sup> <http://michiganjb.org/issues/42/text42b.pdf>

<sup>15</sup> <http://www.brugesgroup.com/germaneconomicpolicyandtheeuro.pdf>

<sup>16</sup> Bootle, *The Trouble With Europe*, p. 102

governments of struggling economies with loans to buy German goods, so that the entire cycle can begin all over again. There is a further issue, namely that when it suits Germany, it breaks the much vaunted rule of law in the EU with impunity – for example in 2003 over the Stability and Growth and also the breaking of the 6% current account surplus rule, not to mention complicity in bailouts which were proscribed under the Treaties.

## **Unemployment**

This is not merely an academic debate, confined to business school bars and city boardrooms. The human cost of the EU's failure is immense. Concerns about the level of immigration have come to dominate political debate in the UK; we should ask ourselves why so many people are desperate to come here. The answer is not simply that Europe allows freedom of movement, it is that conditions elsewhere in the EU are so desperate that hundreds of thousands are frantic to escape to one of the few lights left in the gloom. Youth unemployment stands at 22.9% across the EU as a whole, and at more than 55% in Greece and Spain<sup>17</sup>. An entire generation has been condemned by the arrogance of the integrationists.

## **Conclusion:**

The EU has betrayed its promise to the people of Europe. It promised prosperity, it promised a chance for the European peoples to compete in an age of superpowers. It promised growth, and jobs, and stability. It has provided destitution, depression, and decay. The Euro, and the EU, have failed. Even the Commission President, Jean-Claude Juncker, has admitted that “the legacy of accumulated imbalances remains painfully visible: unemployment rates have soared and public and private debt increased very significantly in just a few years”, “euro area countries still exhibit significant rigidities that need to be tackled”, and “in the World Bank rankings of the ease of doing business, there is only one euro area country (Finland) in the top ten, and several countries are not even in the top 50.”<sup>18</sup> Yet the EU remains stubbornly resistant to any fundamental changes in the treaties or in our relationship with it.

Swift action now can still save the continent: the Euro must be scrapped, EU regulation rolled back, tariffs reduced, the CAP reformed. Political elites must learn to trust their citizens again. None of this is on offer, but it is essential for European prosperity and peace. Above all, Germany must realize that it cannot simply apply its own economic ideas on a wider EU landscape. We must be clear that we will not be relegated to the second tier of a two-tier Europe

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<sup>17</sup> <http://www.publications.parliament.uk/pa/ld201314/ldselect/ldcom/164/164.pdf>

<sup>18</sup> *Preparing for Next Steps on Better Economic Governance in the Euro Area*, Analytical Note by Jean-Claude Juncker in close cooperation with Donald Tusk, Jeroen Dijsselbloem and Mario Draghi.

dominated by Germany. It is vital for the future of Europe that the differences across Europe and the European economies are not just recognized, but celebrated.

## **The Political Question**

*“Minister, Britain has had the same foreign policy objective for at least the last five hundred years: to create a disunited Europe. In that cause we have fought with the Dutch against the Spanish, with the Germans against the French, with the French and Italians against the Germans, and with the French against the Germans and Italians. Divide and rule, you see. Why should we change now, when it's worked so well?” – Sir Humphrey, Yes Minister, 1980*

Cynical as the great fictional mandarin may be, he is right: Britain’s foreign policy for centuries revolved around ensuring that no one country can dominate Europe. This was not just because a forcibly united Europe was a threat to Britain, but far more importantly because it was a threat to the peoples of Europe. The peace that followed the Congress of Vienna in 1815 stands as one of the brightest periods in the continent’s history – trade flourished, the Industrial Revolution transformed the world, and the Concert of Europe prevented for a century a full scale European war. Britain has long recognized that European peace can only be the result of a balance of power among the European nations.

This is, at its heart, the product of the point made by Enoch Powell: “Europe can never be a democracy because there is no European demos.” Nationalism is not going to disappear from Europe simply because the Europhiles wish it to. The grand dreams of would-be unifiers – Louis XIV, Napoleon, Hitler – foundered on the desire of the European peoples for self-governance. Even the Roman Empire, which held Europe together for four centuries, failed ultimately to forge a single European people. Politicians’ desire for unity in the aftermath of centuries of conflict is explicable, but it is a fundamental misunderstanding of Europe’s unique political culture. The European peoples are too different in temperament and ideology to be forged into a coherent whole. The lack of a common language remains a vast barrier to understanding. The peoples of Europe will never accept the dominance of a single state in Europe – which remains the most likely result of political union.

### **The German Question**

The Vienna system recognized the dangers of a united Germany. When German unification finally occurred in 1871, it not only changed the rules of the game, it broke the board. The Concert was unable to cope with the power and ambition of the new German Empire. Eighty years and two devastating world wars later, Europe lay in rubble.

The German people have unquestionably learnt from the mistakes of the past. But recent events have demonstrated that Germany is as dominant in Europe now as it ever has been, if through economic strength rather than military might. European integration has been viewed by many throughout Europe – especially successive French statesmen – as a way of containing German power. To understand why this has failed – and what it means for the future of Europe – it is essential to understand the troubled past of the German nation.

### **Germany and the European project**

Germany's unique history lies at the heart of the political problems that the European Union faces. Never absorbed into the Roman Empire, it not only retained its own, and distinct, culture to a far greater degree than the Latin countries, but was never properly unified into a single, coherent block. Although much more geographically a part of Europe, it never achieved the centralization of power of England. The tribal structure of old Germania evolved into the semi-independent principalities of the Holy Roman Empire. After a century and a half of conflict, the united Germany that has emerged as the *de facto* leader of Europe is still a federal state. This, along with the guilt that the German nation feels over its nationalist past, explains the enthusiasm it has displayed for a federal European Union. Germany cannot be dominant in its own right – too much history stands against that – and it cannot accept permanent subjugation. In the minds of the German people, it is only when Germany has been subsumed into a supranational European Union, a federal cog in the creaking gears of the European superstate, that the German position at the heart of the continent will be assured. Only a European Germany can, to adapt Thomas Mann's words, achieve a German Europe. Furthermore, the German Constitution invokes a United States of Europe, which is why the Bundestag and the German Constitutional Court are hoist by their own petard.

The only problem with this view is that the other nations of Europe do not agree with it. Not only – as I have described in the last chapter – is the German economic model bad for Europe as a whole, but the other peoples of Europe will not accept German dominance, even in a federal structure. Britain will never surrender its ties to the US and NATO. France saw the EU as a means of controlling Germany, and its enthusiasm for the European project will last only so long as Europe is a vehicle for French *grandeur*. Italy and Spain, Greece and Portugal blame German policy for economic chaos. Poland and the other former Soviet countries worry over Germany's *Ostpolitik*. A glance at their trade balances with Germany tells the story. The list of German allies will grow thin if it insists on pursuing its integrationist ideals.

## The loss of the veto

It is precisely for that reason why the steady advance of Qualified Majority Voting into almost every aspect of EU decision-making is so dangerous to the future of Europe. When Britain joined the EC in 1972, they were assured in the previous year's White Paper on the subject that there would be "no question of any erosion of essential national sovereignty", and that "on a question where a Government considers that vital national interests are involved, it is established that the decision should be unanimous"<sup>19</sup> – and that to do otherwise, it wisely stated, would endanger the very fabric of the European Community. They were right. Yet there are very few who would now deny that the growth of the European institutions has seriously damaged national sovereignty. When democratic governments are replaced by unelected troikas the lie becomes hard to sustain. Indeed, at a recent COSAC conference in Rome, the German delegation proposed creating a European Military Headquarters – an area still, at least nominally, covered by national veto; when I opposed this, they claimed that "at some point our friends from Great Britain will simply not be able to maintain their line". So much for freedom of action in the new Europe.

All this makes the recent changes to the QMV system all the more concerning, and alarmingly reminiscent of the unification of Germany under Bismarck. As AJP Taylor wrote of the creation of the new German constitution:

*"These little states would indeed have had to agree to anything that Prussia laid down; but Bismarck needed the appearance (emphasis mine) of a federal structure. ... Prussian experts made some early drafts. Then Bismarck tore them in pieces and produced a scheme which suited his plans. It was very much the old confederation except that the King of Prussia was firmly in control of the armed forces. The federal council, representing the princes, was to govern Germany and to initiate legislation; Prussia's representation gave her a veto on any changes of the constitution. The Parliament, elected by universal suffrage, was merely to approve the legislation which the Council laid before it."*

From 1<sup>st</sup> November 2014, Germany with France and two other smaller countries will be able to form a blocking minority – similar to Prussia's veto. The European Parliament likewise serves simply to approve Commission legislation. All Germany needs to replicate Prussia's dominance on a larger scale is a European army – and all that stands in its way is the British veto. Surrendering the national veto over EU legislation was a monumental act of folly, and will be deeply regretted in years to come.

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<sup>19</sup> *The United Kingdom and the European Communities*, 1971 White Paper, p.8, para. 29

## **The debt dictatorship**

As the Eurozone crisis has demonstrated, even without being outvoted under QMV, states can find themselves forced into compliance. The bailouts that prevented the collapse of the Euro came at a cost: the independence of the nations involved. The price of financial assistance has been the imposition of harsh austerity measures for which there is no democratic mandate, and in certain cases – Italy, Greece – the deposition of elected governments in favour of technocratic juntas. This is nothing short of blackmail. Germany is transposing its own ideals onto countries that could not be less suitable for them. The threat of short-term financial ruin is bludgeoning the nations of Europe into a long-term economic union that will do nothing but harm. The *Zollverein*, the customs union among the German states that was set up in 1833, did much to cement Prussia's dominance and aid the unification of Germany. Exactly the same forces can now be seen at work in the EU: dependent on German aid for survival, the Eurozone is just a step away from political union under its German hegemon.

Moreover, Germany has been the beneficiary of relaxations and exemptions time and again – not least at the 1953 London Debt Agreement, when around 50% of Germany's debt was forgiven, which amounted to £86 billion in today's money. All this just adds complexity to the vexed question of German reparations to Greece, and tensions this issue causes in German-Greek relations. The damage that this will do to stable European government is becoming obvious. Syriza's victory in the January 2015 Greek elections is a worrying sign of what is to come. Podemos, which has gained its 350,000 members in less than a year, may well win the Spanish elections later in 2015. That the German-imposed austerity program is both unfair and deeply damaging is obvious, but the wild promises of a state-subsidised Golden Age are woefully misleading. When these go unfulfilled – as they must – who will electorates turn to next? The beneficiaries will be, as I predicted back in 1990, the far-right – Golden Dawn, Marine le Pen's National Front – and the descent of Europe into chaos.

## **Democracy destroyed?**

In Europe, there is no common culture or shared language to bind together the disparate states, and it does not work economically or politically. There is no ideological pull to a United States of Europe strong enough to overcome the appeal of nationalism. What traction there might once have been in the idea has been shed in three centuries of blood and iron. Political elites can dream of a European empire; the people of Europe want what they have always wanted – natural self-government.

If European integration continues, the result will not be the social-democratic paradise that European elites so crave. The European peoples will never voluntarily abdicate their national sovereignty – how can anyone expect a European democracy? There is not, and never will be, a European demos. This is the contradiction at the heart of Europe: German dominance has made integration impossible to resist, and that integration has to proceed on an anti-democratic basis, yet no government can be stable if the people oppose it. We are sleepwalking towards a situation where the only way to maintain European governance is to directly oppose the European population. Only a fool would believe that could last. As I have already noted, the main beneficiaries of the Eurozone crisis have been extremist parties – touting the same politics that led to crimes so horrific the continent can never truly atone for them.

### **The end of history**

From Virgil at the start of the first millennium to Francis Fukuyama almost 2000 years later, commentators have been predicting the ‘end of history’. But, as Thucydides, greatest of the ancient historians, recognized, history does not end – it repeats. Human nature demands it. Time and time again we are trapped in the same cycles by our arrogance, our refusal to learn the lessons of the past. The European elites believe they can alter the patterns of European history; in doing so they are recreating those patterns. Europe cannot be united by politics any more than it can by force. No threats, no bribery, no blackmail can stand against the will of the people. That is the doctrine at the very heart of conservatism, that only by learning from the past can future peace and prosperity be achieved. That is the lesson of two world wars and of centuries of violence before them. Only by cooperation, not coercion, can European peace be realised. We must now work to prevent the tragedy that will unfold if history’s warnings are, once again, ignored.

## The Global Question

Europe has always been a continent of contradictions. The wellspring of democracy was poisoned by fascism, of liberal capitalism by Marxism. The torments of the Reformation gave way to the ideals of the Enlightenment, to be twisted in turn to the service of totalitarianism. Nations have risen and been torn apart, global empires painstakingly built to evaporate in a decade. The Industrial Revolution raised millions from poverty – and allowed death on a scale never before imaginable. Europe is a sometimes terrifying, sometimes inspiring mess, but it has thrived on its divisions, on the competition that saw it export its ideas across the Globe. As Gibbon said:

*“The division of Europe into a number of independent states, connected, however, with each other by the general resemblance of religion, language and manners, is productive of the most beneficial consequences to the liberty of mankind.”*<sup>20</sup>

Yet now the future of Europe’s global influence is at stake, from the very powers established to prevent forever Europe once again tearing itself apart. The fantasy of European unity has strangled the competition that drove Europe’s greatest achievements. Europe, frightened by a world transformed by the forces it unleashed, sits huddled in the corner. Napoleon mocked Britain as a nation of shopkeepers; when it comes to the EU, the shopkeepers have unionised and demanded the rest of the world leave them in peace. It is unlikely to oblige.

Britain’s relationship to Europe has, as the last chapter outlined, been awkward to say the least. We look beyond Europe’s borders, to global trade. Britain’s prosperity, and America’s after it, is based on this fundamental belief: that we become greater through open engagement than seclusion. Through the Anglosphere and the Commonwealth, we have access to a vast market in the rest of the world. In the Anglosphere, we share common roots of our language and commercial laws and culture. This is not the European way. The European Union has become a means of sheltering its nations from global competition, not engaging in global trade. It has become protectionist, isolationist. The promise of the Single Market – that it would demonstrate to the world the benefits of genuinely free trade – has been cruelly betrayed.

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<sup>20</sup> *Decline and Fall of the Roman Empire*, ch. III

## **Europe's failure**

The idea of a common European foreign policy has been a dream of the integrationists since the earliest days of the European project, and since those days has always been just that – a dream, now becoming a nightmare. Since the failure of the European Defence Community in the 1950s, there has been a string of attempts to develop a coherent European approach to foreign affairs, culminating in the establishment through the Lisbon Treaty of a European High Representative and European External Action Service (EEAS), an EU diplomatic service.

The impetus for this move comes, at least in part, from Kissinger's famous (and possibly apocryphal<sup>21</sup>) quip about not knowing who to call to speak to 'Europe'. It comes in part again from the disastrous failure of EU policy on the Balkans in the 1990s. It is hard to argue it has succeeded on either count. The divisions over Libya and Syria – Britain and France opposed by a Germany siding with Russia – have illustrated the chasms that underlie the wafer-thin pretence of unity. Without agreement, the EEAS is nothing but a vastly expensive<sup>22</sup> waste of everyone's time.

## **Ukraine**

Nothing better illustrates both the arrogance and incompetence of EU attempts at a foreign policy than Ukraine. As John Bright observed during the Crimean War, "Russia is a great power, as England is, and in treating with her you must consider that the Russian Government has to consult its own dignity, its own interests, and public opinion, just as much at least as the Government of this country."<sup>23</sup> This wise advice has been totally ignored by the EU.

While it is entirely within the rights of an elected Ukrainian government to freely choose its international associations, the West – especially the EU – has been deeply and unnecessarily provocative towards Russia. Putin is a nationalist, yes, and there is certainly something to the idea that the destabilisation of Ukraine is a way for him to shore up declining domestic support. Nevertheless, the Western encroachment on Russia's borders – accepting Poland and the Baltic countries into NATO and the EU – is not only perceived as a grave threat to Russia, but is a symbolic humiliation. Gorbachev chose to allow the nations of the USSR self-determination rather than cling to power by force, but

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<sup>21</sup> <http://blogs.ft.com/the-world/2009/07/kissinger-never-wanted-to-dial-europe/>

<sup>22</sup> Over £420 million per year - <http://www.telegraph.co.uk/news/worldnews/europe/eu/10503043/Full-extent-of-EUs-diplomatic-service-revealed.html>

<sup>23</sup> HC Deb, 7<sup>th</sup> June 1855, vol. 138, c1611

this was a decision of the Soviet leadership, not the Russian people. As a damning report by the European Council on Foreign Relations (ECFR) argues:

*“After 1989, sheltered in their post-modern ecosystem, Europeans lost their curiosity about how Russia sees the world and its place in it. They failed to grasp the intensity of Russia’s moral resentment of the Western-led European order because they preferred to think of Russian-European relations as “win-win”. They could not understand that what they saw as the best possible order seemed to many Russians to be both hypocritical and unstable.”<sup>24</sup>*

In the context of all this, Western overtures to Ukraine were the final straw. I remarked to the committee considering the EU Association Agreement with the Ukraine:

*“I wrote a letter that appeared in *The Times* on Monday [9<sup>th</sup> February, 2015] when I was in Riga, in which I mentioned that, as far as I was concerned, the EU had been ham-fisted in the manner in which it had gone about these questions ... I ought to mention that when I was in Riga a very senior member of the Latvian presidency ... stated unequivocally, when I raised the nature of the EU-Ukraine agreement and those parts that related to the CDSP ... that a very serious mistake had been made ... The idea that the agreement, whose articles 7 and 10 and also 4 and 5 contain specific matters relating to political dialogue, has nothing to do with foreign and security policy is to distort the argument beyond all recognition.”*

Indeed, I argued in an article on ConservativeHome on March 13<sup>th</sup> 2014, shortly after the Russian annexation of Crimea, that the failure to consider Russian interests and concerns was a major trigger of the crisis. As Kissinger pointed out, “if Ukraine is considered an outpost, then the situation is that its eastern border is the NATO strategic line, and NATO will be within 200 miles of [Volgograd]. That will never be accepted by Russia.”<sup>25</sup> The EU has, in its complete disregard for the historical context, set out to humiliate Russia. Moreover, Russia has still not, psychologically, recovered from the idea that the West is its enemy, and recent events have done little to dissuade it of that fact. We would not have been comfortable with the idea of the Warsaw Pact including France – why should Russia feel any safer if Ukraine joins NATO or the EU?

The EU has not even been able to develop a coordinated response to the crisis it has helped to create. While the US and the UK have been pushing for harsher sanctions in an effort to halt the bloodshed, supported by those countries – Poland and the Baltics – who fear that they will be next, the response from the rest of Europe has undermined any idea of a united front. But Germany is

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<sup>24</sup> *The New European Disorder*, Ivan Krastev and Mark Leonard

<sup>25</sup> <http://www.businessweek.com/articles/2014-09-11/henry-kissinger-on-putin-ukraine-syria-and-islamic-state>

unwilling to abandon its *Ostpolitik*; Italy is too dependent on Russian gas; France only agreed to withhold delivery of the amphibious warships it is contracted to build for Russia as late as September, after severe pressure from NATO – and has not ruled out completing the deal in the future. Not only has the EU plunged the Ukraine into chaos, it has proved it lacks the political will to even begin to roll back its mistakes.

### **NATO not Eurocorps**

The crisis in the Ukraine has proved once and for all that the future security of Europe lies in NATO, not in an EU military. As NATO's first Secretary General, Lord Ismay, remarked, the organization was created to keep “the Russians out, the Americans in, and the Germans down”: recent events have reminded us how vital these aims are. The United States' rebalance to counter the growing challenge China is mounting to its Pacific hegemony will doubtless mean that the nations of Europe will, in future, be forced to take more responsibility for their own defence. Yet the continual incompetence of EU attempts at foreign policy demonstrate this can only be achieved through the structure that NATO provides: the answer is for the European members of NATO to take seriously their commitment to defence spending, including reaching the 2% GDP target that membership demands. Our government should unequivocally and immediately commit to meeting this target.

Nevertheless, some within Europe are still pushing for the creation of an EU military. Commission President Jean-Claude Juncker called at the start of March 2015 for the creation of an EU army to “convey to Russia that we are serious about defending the values of the European Union” – conveniently ignoring the role the EU played in triggering the crisis in the first place. Moreover, at a recent conference on the CFSP in Rome, the delegation from the German Parliament proposed the creation of an EU Military Headquarters – a step that has long been opposed by the UK government. Despite the failures, despite the duplication of abilities and responsibilities that would arise, this is an idea that refuses to die. The UK delegation succeeded in getting the proposal stripped from the agenda, but the Germans made it clear that they have not abandoned the idea, and will bring it up at the next conference in Riga. Are we, as they have suggested, to face this issue again and again until our opposition is simply overridden? Such arrogance on an issue of the utmost national importance is breathtaking.

## The German dimension

Resented as it may be by some, US power is vital for the European peace. A united Europe would, as I have already noted, be strongly influenced by Germany, and Germany's foreign policy has, of late, developed in a worrying direction. As the global reaction to events in Syria and Libya have demonstrated, Germany is increasingly leaning away from the United States, and her allies France and the UK, and towards Russia and China. As Hans Kundnani makes clear, German foreign policy is ever more influenced by its economic concerns and the interests of its export industries, which would be harmed by any clash with either of these two powers<sup>26</sup>. Both Russia and China have recently resorted to alarmingly nationalistic sabre-rattling and have suggested a willingness to use force to pursue their interests. If a conflict were to arise with either power, which way would Germany lean?

This is not an academic concern. If Britain remains inside the EU, we may find ourselves drawn progressively away from our natural allies, and into *de facto* alliances with deeply troubling regimes. Britain cannot countenance the idea of our being permanently in the second-tier of a two-tier EU dominated by Germany. France would be just as unhappy with this situation, despite its historical suspicion of the United States. A Russo-German axis was precisely what allowed Hitler to carve up Eastern Europe, and it cannot be in our interest to allow such a situation to develop again.

Indeed, a 1994 paper submitted to the Bundestag by the Karl Lamers and Wolfgang Schäuble on behalf of the CDU and CSU argued that:

*“The only solution to this problem of the political order [i.e. providing stability in the east of Europe after the collapse of the USSR] which can prevent a return to the unstable pre-war system and Germany resorting to its old position in the middle is the incorporation of its central and eastern European neighbours in the (west) European post-war system and a comprehensive partnership between that system and Russia. There must never again be an in-between Europe, a vacuum jeopardising stability. Without this further development of (west) European integration, Germany might be challenged or tempted, on the grounds of its own security needs, to bring about stabilisation in eastern Europe **alone and in the traditional manner.**”*

All this is just one more reason why an EU military must be avoided at all costs. We cannot risk a situation where we are forced to send our troops to their deaths in a war our government opposes. Ridiculous as it might seem now, how long is it before other European nations can force Britain into military action

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<sup>26</sup> <http://www.foreignaffairs.com/articles/142492/hans-kundnani%E2%80%A8/leaving-the-west-behind>

through QMV? It is of paramount importance that a line in the sand be drawn here and now, before the alliances and alignments that have kept Europe free and prosperous since 1945 disappear like smoke on the wind.

## **Conclusion**

European power is on the wane, dying by a thousand cuts as its natural advantages are stripped away by integration, and its strategic position eroded by paralysis and poor decision making. The only answer is to return to an alliance of democratic nation states within the framework of NATO. Britain is in a unique position to lead the way on this front. As – still – one of the foremost military powers in Europe, Britain can build ever closer links to France as a key strategic power while demonstrating the value of its alliance with the United States. We can prove through action that national security is best defended on the national level, through coalition and cooperation rather than incorporation. Europe may now be old and tired, but it can still be revitalized, to the benefit of all. The European nations have ties with almost every nation on earth that stretch back hundreds of years, a wealth of experience that newer powers like the US can only dream of. But these will not be served by amalgamation into a faceless mass of EU bureaucracy: each nation must keep its own character, its own history, for the good of the entire world. The alternative is an undemocratic EU adrift, uncompetitive and meaningless, in a world that has passed it by.

## Conclusions

### What next for the UK?

There has been, recently, much discussion of Article 50 of the Treaty of the European Union as the only way to force the EU to renegotiate its relationship with the UK, and suggestions that it should be invoked *before* any negotiation leading up to a referendum.

This is a fundamental misunderstanding of the Article in question – it does trigger a two-year period of negotiation, but the UK would be out of the EU, no matter what is agreed. Moreover, the deal negotiated must be ratified by the Council of Ministers under QMV – without the UK being part of the vote – and by the European Parliament<sup>27</sup>. If the deal were to be rejected by either, or was unsatisfactory to the UK, extension of the negotiating period requires unanimity from the Council, which is unlikely to be gained even if there could be much hope of a satisfactory deal after an initial failure. It is entirely conceivable that such a process could leave Britain on the outside and with no formal relationship with the EU at all. If, at the end of the day, the UK wished to remain in the EU, it would then have reapply like any other state hoping to join: were this not to be vetoed by other nations keen to punish Britain for its behaviour, we would almost certainly lose what opt-outs we still have, and be forced, for example, to promise to adopt the Euro.

Not only might such a process leave us in an unacceptably disadvantaged position, but it would make nonsense of the eventual referendum, which would become a vote simply on whether to accept the terms of the negotiation or reject them, after which we would still be out of the EU. More to the point, the UK, through its lack of a written constitution, is at a distinct advantage compared to the other twenty-seven member states. We should announce our intention to negotiate, without prejudice to Article 50, a fundamental change to Britain's relationship with the EU, based on trade and mutual cooperation. We can then unilaterally withdraw by repealing the 1972 European Communities Act, enrol the entire corpus of European legislation into domestic law, and then repeal individual items of that corpus as appropriate.

The EU needs Britain: we are a nation of 64 million people, and on the day we left, we would account for 21% of the EU's exports<sup>28</sup>. Assuming that we would be unable to get a favourable deal – especially with the Eurozone as reliant as it currently is on outside demand – is dangerous scaremongering. If we cannot

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<sup>27</sup> It is not clear whether or not the UK's MEPs would be barred from voting on this.

<sup>28</sup> *Britain and the EU: A Solution*, Daniel Hannan MEP

secure genuine reform, we can prosper outside the treaties – provided the issue is properly handled.

### **What next for Europe?**

The intransigence of Europe's elites has brought it to this position. Their hubris and incompetence has led to a democratic backlash, of which Syriza's victory is only the first sign. Yet as negotiations since January have demonstrated, there is little chance of any compromise between the Euro-elites and those attempting – in no matter how flawed a manner – to help Europe's citizens. Populist parties must understand the need for serious reforms, but must also be given the space to enact these. Even if this were not incompatible with the Single Currency, the refusal to recognise any merit in the arguments of the opposing side would doom these negotiations to failure. Britain wants a stable Europe, but it will not be, unless we take the lead and create a new form of European association.

Britain must therefore set an example for the rest of the EU not only for its own sake, but for the sake of the millions suffering under the current system. If the United Kingdom can prove that it is possible to flourish outside of the European straightjacket, that a rebalanced relationship is a genuine possibility, we can offer hope to nations that see no way out of their predicament. In the long term, we could lead the nations of Europe into a new association, based on trade and cooperation, not the doomed attempt to bind the continent together under the flawed doctrine of 'ever-closer union'. Above all, we would demonstrate that democracy is not dead, that it is the bedrock of any successful society, and that the European project has been doomed by its failure to recognise this simple fact. We must face up to the Union's failure, so that we can secure Europe's future.

Since the 1970s as far as the United Kingdom is concerned, since the 1950s for the original six, there has been an absorption into a self-contradictory and incoherent ideology. The doctrine of subsidiarity, which is that that which is better done at the lower level, should be, is contradicted by the assertion (for example by former Commission President Barroso) that the European Parliament is the only Parliament for the EU, whereas subsidiarity will inform you that it should be the national parliaments. The same applies to the question of the central bank, or to the judicial structure. At every level the inexorable movement is towards political integration at the expense of the nation state. The European Union is based on a monumental deceit thrust upon the electorate, which is that their citizenship of the European Union is the answer to their future, when in virtually every significant area of EU affairs the opposite is the case.

This European Union has to justify itself by deliberately undermining the democratic political will, which can only come from the voters in general elections. By undermining the loss of the real demos, which is the political democratic will of the people, the entire continent of Europe, embraced by the EU, is falling into weakness and distrust. This is evident, for example, in the derisory voter turnout at EU elections (just 43% in 2014), which is anyway predominantly older voters, and the lack of trust in the Union (which has reached almost 60% in some countries).

There are protests and riots, but there is a broader and deeper problem as well, which is now engaging the tectonic plates beneath the surface of European politics, namely that this weakness, this lack of rooted democracy based upon the actual freedom of choice of the individual voters in the general elections, is what matters in each of the member states. What democracy still remains is being undermined both by internal threats which come from the contradictions in the European Union institutions and external threats, such as those who promote terrorist groups such as ISIS and the threat from Russia in the east – and which the European Union itself has generated.

The European Union is, therefore, creating a black hole into which it will itself be drawn. It has reached critical mass. We have passed the tipping point, though many do not realise it, and are now in the danger zone. The EU's contempt for democracy is driving Europe backwards. There comes a time, which we have now reached, where, as in the late 1930s, when it had become obvious that appeasement would not work, and that the status quo and attempts to negotiate with the enemy could not succeed, that a decisive break has to be made with the assumptions of those in power, but they have neither the will, nor the statesmanship, nor the wisdom to listen, let alone to take action. What is worse is that the decisive action to restore political will, democracy and effective government is not on offer on or off the table, nor even in smoke-free rooms. There simply is no will, because there is no appetite for reality.

Indeed despite, ironically, our powerful and necessary relationship to NATO and to the United States, the US is part of the problem on the European issue, not the solution. The US insistence of the United Kingdom being part of the EU is both detrimental to our national interest and severely at odds with our natural and historic alliance with them.

There are alternatives. Indeed, this tipping point has now reached a stage when, despite the risks that are broadcast through the BBC and the multinationals, and of course the European institutions and their fellow-travellers, we have now reached the point where the status quo is unsustainable and alternative models to membership of the EU, which are based on trade and political cooperation,

creating a new and fundamental change in our relationship, have now become imperatives rather than merely a negotiating option.

All this however is blithely ignored on the altar of so-called 'European reform', which is minimalist, and in no way meets the requirements of the change in the structural architecture which we now inhabit. To remove ourselves from this corrosive, contradictory, self-imposed EU superstructure, we must first establish and accept that the status quo must go. This is not merely an institutional issue, it is a practical issue, based on the fact that our great nation cannot remain subsumed, on the inevitable path towards relegation in the second tier of a two-tier Europe dominated by Germany, and acquiescing to – even appeasing – the minimalists. The minimalist position is intended to achieve a 'Yes' vote on an In-or-Out referendum. It is a form of appeasement, because it does not address the fundamental issues, and because it does not, it invites a mere nibbling at the treaties, when it is the structure of the EU architecture which requires dismantling. There is too much at stake. We must therefore take action, if possible in our manifesto, and appeal to the British people, buttressed by the knowledge that on all recent opinion polls, stretching back many years, the notion of a new relationship based on trade and cooperation, and retaining our Westminster Parliament where the decisions are taken as to how we are to be governed, overriding the European Communities Act 1972 where it is our interests to do so, is not only right but popular. The latest poll, carried out by Opinium for the Observer, on 21<sup>st</sup> February 2015, shows that a majority of voters would vote to leave the EU.

At the present time, however, the shrill voices of the Euro-integrationists and those in the multinationals who have no allegiance whatever to the UK, but only to their own self-interest, combined with the culture of those in the BBC and those parts of the media who are not interested in the UK, nor for that matter in the future of the Conservative Party, appear, not despite but because of the danger of UKIP depriving us of our marginal seats, in an ascendancy which can only be rebutted by the Conservative Party stepping up to the mark. Otherwise the future is bleak. This is the time to take action, for the uncertainties of the next general election are such that unless we establish a new policy of what the people want, which can deliver economic and political success, we shall find ourselves sucked into the chaos and uncertainty currently sweeping through Europe. The arguments against the use of Article 50 are self-evident, as I have noted earlier. What we need now is to set out our stall and avoid the fatal temptation to believe that minimalist renegotiation will make any difference at all to what is now an inevitability. Unless we take the kind of action which only the Conservative Party can deliver, because it has the potential to

pass the laws in Parliament to retrieve our national democracy vested in that Parliament, which belongs to the people, and so our freedom, thereby saving not only the United Kingdom itself, but by example the European Union. We must call upon others to join us in lifting the yoke of the EU and reconnecting ourselves with our voters and our democratic condition. I asked the Prime Minister on 23<sup>rd</sup> February 2015:

*“Does my right hon. Friend share my concern about the increasing assertiveness of Germany in the EU, as shown in the language used by Wolfgang Schauble regarding the Greeks, for example? Does he accept the assertion made by Mr Prodi on the “Today” programme last week that the Germans are the leaders in Europe? Does he accept that we must step up to the mark and show that we will stand up for the interests of not only the United Kingdom, but Europe as a whole, as we have in the past?”*

A month later, on 23<sup>rd</sup> March 2015, in the last European Council Statement by the Prime Minister in the House of Commons, and for the first time, he said “in the coming two years, we have the opportunity to reform the EU”. He then added the vital words “and fundamentally change Britain’s relationship with it ... if I am Prime Minister, that is what I will do”. I, called first by the Speaker, then asked him “in what specific respects will he repatriate the powers of the British people to govern themselves and return the powers of sovereignty to this Parliament, so that we can govern this country as we wish?”

This fundamental change requires a new treaty, which the Prime Minister recognises, but also their restructuring. We must clearly put this to Germany and the EU as a whole in our vital national interest.

This is clearly a matter of political imperative and principle. Of course, all this must be put to the other Member States immediately after the General Election by a Conservative Government.

From all we know already, the proposition will be rejected by many if not all of the 27 and clearly and certainly by Germany and France and unanimity is the rule. However, for the reasons of principle and national interest set out above, there is no point at all in minimalist renegotiations. The imperative is a change in the structure of the treaties. We should expect the reply from the other member states to be rapid. This should be followed immediately by the introduction of a Referendum Bill which has already been through the House of Commons but was destroyed by collusion between Labour and the Lib Dems and a few others in the House of Lords. The new Bill should be a Government Bill and the question requiring fundamental change in our relationship with the EU would be ‘In’ or ‘Out’. It would require a majority in the House and it should be expressed to be before the end of 2016, particularly as the United

Kingdom holds the presidency in 2017. Nigel Farage's absurd ultimatum to the Conservative Party that the referendum must be held in 2015 ignores the fact that the Bill has to have a majority and passed through all its stages in both Houses. Inevitably, it will be blocked in the House of Lords again and therefore the application of the Parliament Act will ensure much further delay and perhaps a constitutional crisis. It should be possible however for the Bill to go through under the Parliament Act in 2016, although it will be a close call. At least we don't actually hold the Presidency until July 2017.

The United Kingdom cannot and must not allow our Democracy, from which all political and economic action flows, and which has saved Europe and herself for generations to be compromised. As William Pitt stated in his Guildhall Speech in 1805 "England has saved herself by her exertions and will, as I trust, save Europe by her example."